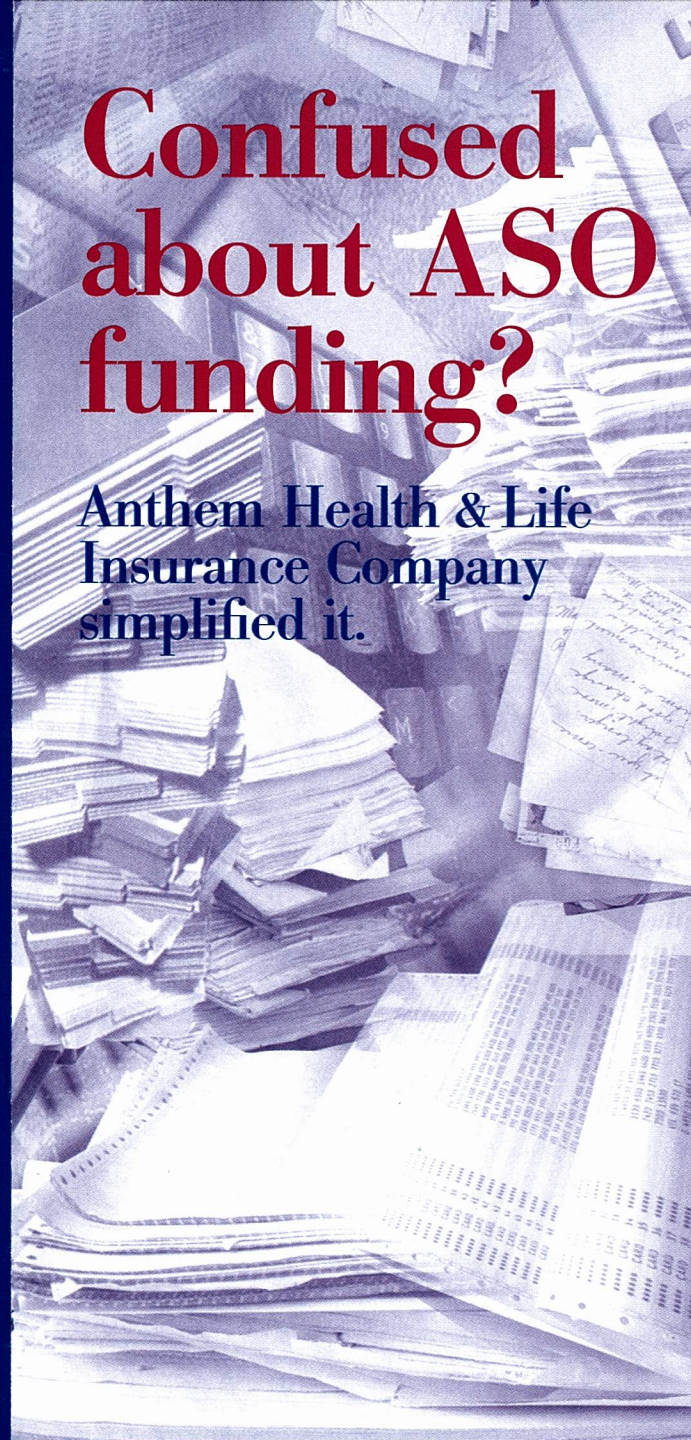


Confused about ASO funding?

Anthem Health & Life Insurance Company simplified it.



Anthem Health & Life Insurance Company
Administrative Offices: Piscataway, NJ

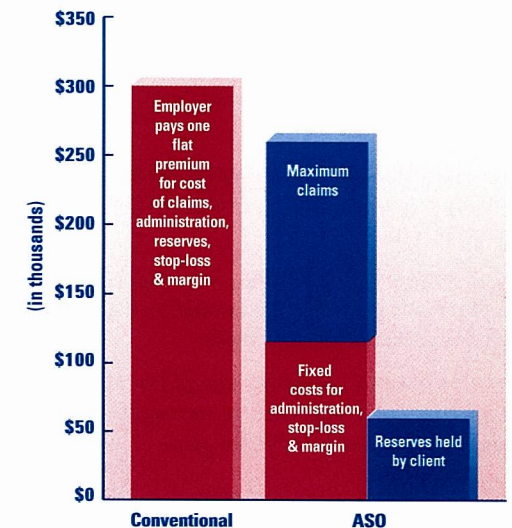


Administrative Service Option (ASO) is not as complicated as you might think, if you have the right team working with you.

Anthem Health & Life Insurance Company (AH&L) gives you the backing of a team that knows the ins and outs of self-funding and knows how to make it work for you. ASO funding is available to groups with as few as 26 employees.*

In conventional-funded plans, premium costs are bundled together into one flat, monthly premium. ASO premium costs are broken into its components. This allows an employer to share in the risk and rewards of managing these costs.

Compare Conventional funding to ASO funding



* Minimum group size may vary due to state laws.



ASO funding can make the difference...

Potentially lower health care costs from favorable claims experience...

it's the biggest difference between ASO-funded and conventional-funded plans. An employer pays for his or her employees' claims and only his or her employees' claims, benefiting directly from potentially lower claims.

Protection against large claims...

stop-loss protection allows an employer to budget his or her company's expenses and reduces some of the uncertainty of self-funding.

- Individual or specific stop-loss coverage caps claims on an individual to a reasonable level.
- Aggregate stop-loss coverage limits a company's accumulated claims for the group.

An employer immediately benefits from specific or aggregate stop-loss protection because limits apply monthly. There's no waiting until year-end reconciliations are made like some other plans.

Improved cash flow...

- **Initial benefit:** Approximately a three-month deferral for medical claims. Only fixed costs and the premium for non-medical coverage will be billed during this time.
- **On-going benefit:** Approximately a 45-day float on claims costs.
- **Final benefit:** Money for terminal claims liability held by the employer who receives interest on it.

Reduced state premium taxes... premium taxes are incurred only on the cost of insured coverages (or stop-loss premium) in most states.

Elimination of costly state-mandated benefits...

state laws that govern plan content only apply to insurance policies, not ASO-funded plans.

FEATURE	CONVENTIONAL	ASO
Plan period	12 months	12 months or 18 months initially, 12 months thereafter
Claims	AH&L's responsibility. Included in monthly premium	Employer's responsibility. AH&L advances the money and bills monthly in arrears
Stop-loss insurance	Included in monthly premium	
Participation in lower-than-expected claims: - During the policy year - At termination	No No	Immediate Applicable
Terminal claim reserves	Included in monthly premium	Held by the employer. Generally no letter of credit is needed.
Cash flow improvement	Not applicable	Applicable
Premium tax	Applies to entire monthly premium	Applies to stop-loss premium only
Renewals based on mature claims	Not applicable	Applies to Ultimate ASO
State-mandated benefits	Must comply	Exempt in most states
Administrative services	Included in monthly premium	Included in monthly costs

AH&L's ASO funding includes many features that reduce an employer's exposure to:

- **Claims litigation.** AH&L assumes the fiduciary responsibility for litigation arising from claims decisions during a company's plan period, even though ERISA names the employer as fiduciary and plan administrator.
- **Limited deficit carry forward.** While the policy is in force, AH&L forgives all deficits caused by claims that exceed the aggregate pooling limit.
- **Terminal claim liability.** To avoid unpleasant surprises, we pre-determine a company's terminal claim liability annually in advance of termination.
- **Rate fluctuation.** If our Ultimate ASO option is elected, we guarantee stop-loss factors and the plan's rates for the first 18 months, allowing an employer to budget costs for a longer period of time.
- **Renewal increases.** With our Ultimate ASO option, a renewal is based on a full year of a company's claims experience. This helps to reduce questions about reserve estimates and assumptions.

If you've thought about ASO funding but are concerned about the work involved, don't be. We've simplified ASO funding with features like:

- Easy to understand contracts
- No special banking arrangements, so an employer remains in control of bank accounts
- Minimal administrative work
- Comprehensive underwriting, claims and actuarial services

For an employer who wants control over his or her employee benefit plan's costs, and is willing to assume more of the risk, ASO may be the direction to take. Give an AH&L sales representative a call.